

JOB - 610 - 663/62  
RID/ARCHIVES

RETIRED FILE  
DESENSITIZED

per CSN 43-26

1-0

AIR PRIORITY

~~CONFIDENTIAL - SECURITY INFORMATION - EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION~~

~~From SECRETARY'S OFFICE~~

881.00/8-858  
Despatch No. 110

FROM AMEMBASSY, ATHENS

TO THE DEPARTMENT OF STATE, WASHINGTON

August 3, 1958

REF CEN - Section C, Item 1

SUBJECT Weekly Economic Review No. 32 - Greece

16/MSA-3

8-15-58 ACTION REP-1 IRC-15 ICA-10 E-7 SO-4 NEA-4 AF-5 EUR-5  
COM-12 USA-10 OSD-3 ARMY-35 NAVY-20 AIR-30 CIA-16 GCB-1  
UNCLASSIFIED IN-7 A2-8 LAB-5 TR-3 FRB-2 XMB-4 TAR-2

1. Import Controls and Taxes. Government announced a series of import control and tax measures aimed at reducing imports and curbing future losses of foreign exchange reserves. (See Athens Airgram G-8, August 3, 1958 for details and comment.)

UNCLASSIFIED

2. Petroleum Refinery. Minister of Coordination today informed Embassy that full lease-operation-supply contract for the aspropyrgios petroleum refinery will be signed tonight, after which contract would be submitted to Parliamentary Recess Committee for ratification. Cabinet had approved the signing and he did not foresee any difficulty in getting Parliamentary ratification.

Comment: Contract has already been initialed by the Government and by the several elements in the Petroleum Trade Transport and Refining Company, the concessionaire firm.

UNCLASSIFIED

3. Wheat. State purchases under the 1953 wheat price support program totaled 246,000 metric tons as of August 2, compared to 221,000 tons on August 3, 1957.

Trade sources and some government people now guessing 1958 wheat crop at around 1,550,000 tons, or roughly 10 percent less than the 1,727,000 tons in 1957. Official Ministry of Agriculture position is still that crop will be about the same as last year, though this might be changed when all of the latest round of field reports come to hand.

Comment: Following appear to be principal factors in this year's more rapid rate of wheat deliveries to Government:

- Good weather which, unlike last year, is permitting harvesting and threshing to go on without undue interruption.
- Better government organization for taking delivery of wheat. Last year's heavy deliveries took program officials by surprise.
- Lower commercial prices for wheat. In Thessaly, soft wheat prices in mid-July were around 3.10 drachmas per oka, as compared to 3.45 drachmas at same time last year.

HCvoorhees:ads

~~CONFIDENTIAL~~

~~SECURITY INFORMATION - EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION~~

~~From SECRETARY'S OFFICE~~

~~From SECRETARY'S OFFICE~~

UNCLASSIFIED

4. Printers Strike. Athens printers began strike which has left capital area without its regular newspapers since August 4.

Comment: Athens printers work under a closed shop contract and union believes it has enough strength to force wage increases even though printers are among best paid workers in Greece (Also see Joint Weeka 32.)

UNCLASSIFIED

5. Shipping. Secretary General Ministry of Mercantile Marine said about 25 laid-up Greek-owned tankers have been recommissioned since Lebanon and Iraq crisis and that around 1,000 Greek seamen have been reemployed to man them.

Comment: This is a welcome turn in the shipping recession which as of the end of June had over 400 Greek-owned ships resting idle and between 10,000 and 12,000 seamen out of work.

UNCLASSIFIED

6. Podossaki. The Podossaki-owned Chemical Products and Fertilizer Company closed down its Laryma nickel mining operation because stockpile accumulations now total over \$6 million with little prospect of near-future orders from its regular customers.

OFFICIAL USE ONLY Meanwhile, situation at the Greek Powder and Cartridge Company has improved. Company now has in hand a German ammo order for 5 million D-marks and has been assured by German Embassy that orders for an additional 35 million D-marks will shortly be forthcoming. END OFFICIAL USE ONLY

Comment: See Classified Appendix

UNCLASSIFIED

7. Corfu Straits. Waterway between Corfu and Albanian coastline was officially opened to international shipping on August 2 following signature of a protocol between Greece and Albania certifying channel as clear of mines. (Also see Joint Weeka 32.)

OFFICIAL USE ONLY

8. Cooley Amendment - International Export and Import Corporation. Miss Lillian Karika, American citizen and president of the New York firm International Export and Import Corporation (IEIC), jumped bail and left Greece on July 30, according to one of her Greek business associates. Bail had been put up in connection with IEIC failure meet payroll arrearages at the Atalanti (Tsouka) nickel-iron mine.

CONFIDENTIAL - OFFICIAL USE ONLY when separated from Classified Appendix

Desp. 110 8/8/58

~~CONFIDENTIAL - OFFICIAL USE ONLY when Separated  
from CLASSIFIED INFORMATION~~

OFFICIAL USE ONLY

IEIC had acquired this mine in 1954 via a contract with the Greek Government and the Bank of Greece under which it obtained a majority control in the bankrupt Bank of Chios which owns the mine. This contract was cancelled last month when IEIC failed to complete an initial installment due last April 1 on a \$1.2 million Bank of Chios debt to the Bank of Greece guaranteed by IEIC. Principal factor in cancellation, however, was inability of IEIC to provide acceptable collateral for the debt. Associate says Miss Karika is now in United States endeavoring raise funds and backing for use in seeking reinstatement of contract.

Comment: This has been a long and trying case which Embassy has helped by representations that delayed cancellation by over three months in hope IEIC would be able to find collateral. Embassy understands that IEIC has a net position of about \$300,000 in the project including \$100,000 paid toward the \$232,000 that was due Bank of Greece on April 1.

IEIC is an applicant for a \$400,000 Cooley Amendment loan (See Athens despatches 600, Feb. 14, 1958 and 713, March 28, 1958.)

UNCLASSIFIED

9. Circulation and Sovereign Price. Notes and coins in circulation totaled 7,608 million drachmas on August 4, compared to 7,419 million on July 26, 1958 and 6,258 million on August 3, 1957. Gold sovereign closed at 309 drachmas on August 6, compared to 309.20 on July 31, 1958 and 307 on August 6, 1957. Comment: Rise in circulation due principally if not entirely to state wheat purchases (See item 3).

Deputy Governor Bank of Greece said Bank was able to hold gold sovereign price following Iraq and Lebanon by selling 130,000 sovereigns, compared to almost three times that many at the time of the Suez incident. Also, that sales did not even exhaust the sovereigns which Bank bought in June and early July when price was down to 300-302 drachmas.

For the Ambassador:

Approved:

Harold C. Voorhees  
Second Secretary of Embassy

Sidney B. Jacques  
Counselor of Embassy  
for Economic Affairs

cc: USRO/Paris, AmEmbassies: Paris, Rome, Belgrade, Ankara, Tripoli, Belgrade  
AnLegation Bucharest, AnConGen Salonika, USOM/G, GTI

~~CONFIDENTIAL - OFFICIAL USE ONLY when Separated  
from CLASSIFIED INFORMATION~~

Classified Appendix to Athens  
Despatch 110, August 8, 1958  
Subject, "Weekly Economic Review  
No 52 - Greece".

6. Dodossaki

Comment: Dodossaki should be further helped out of his current difficulties by a recent COCOM exception, strongly sought by Greece, which will permit Greek shipments of nickel bearing ore concentrate to the U.S.S.R.

For the Ambassador:

Harold C. Voorhees  
Second Secretary of Embassy

Approved by:

Sidney B. Jacques  
Counselor of Embassy  
for Economic Affairs

cc: USRO/Paris (2); American Embassies: PARIS, ROME, BELGRADE, ANKARA,  
TRIPOLI; American Legation BUCHAREST, American Consulate General  
SALONIKA; USOM/G; GTI.

HCVoorhees:ach